



# COMMISSION NEWS

---

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

---

TO: EDITORS, NEWS DIRECTORS  
FOR: IMMEDIATE RELEASE

DATE: January 11, 2000  
CONTACT: Anthony Bingham (602) 542-0609

## **CHANDLER MAN ORDERED TO STOP ENGAGING IN SECURITIES FRAUD INVOLVING A PRIME BANK SCHEME**

On January 5, 2000, the Arizona Corporation Commission ordered Melvin C. Bangle, of Chandler, Arizona, to stop offering for sale and selling unregistered securities and to stop engaging in securities fraud.

According to the Order to which Mr. Bangle consented, Mr. Bangle solicited and sold a security in the form of an interest in a bank debenture-trading program to an Arizona investor in June 1997. The sales materials delivered to the Arizona investor described "a Money Center Instrument or Bank Debenture Purchase and Resale Program". The fictitious program supposedly involved securities bought at beneficially lower prices and then sold in the markets at a higher price. The sales documents also claim that investors' funds are protected by a bank Guarantee that is issued by one of the Top West European Banks. Bangle's Program was in fact a classic example of the non-existent "Prime Bank" scheme. The "prime European bank" approach, where the bank trading program is often called a "prime bank instrument" or "prime bank note", typically offers a high rate of return not seen in domestic certificates of deposit. Such high rates can be offered by promoters because the only limit they face is their own imagination as they peddle such scams.

According to the International Chamber of Commerce ("ICC"), Commercial Crime Bureau, investment programs utilizing "prime bank instruments" are often promoted as being "off-balance sheet"

activities of banks, which appear to be attractive, sophisticated and secretive. The investment instrument is often called a standby letter of credit, prime bank note or prime bank guarantee. It purportedly pays interest as high as 100% or more annually, due to “roll-over” features, if an investor chooses to stay in the program. In fact, says the ICC, “these Prime Bank Instruments are unknown to legitimate banking institutions, and investors should be on guard when offered these instruments.”

The Commission found that the security was not registered or exempt from registration in Arizona in violation of the Securities Act. Mr. Bangle also engaged in securities fraud by offering for sale and selling this fictitious security and by misrepresenting his expertise in international banking. The Commission found that Mr. Bangle had violated the Securities Act, and ordered him to pay restitution in the amount of \$15,000 to the Arizona investor and an administrative penalty of \$5,000. “The Arizona Corporation Commission intends to seriously enforce securities laws to protect the public trust against unscrupulous securities salesmen,” stated Arizona Corporation Commission Chairman, Carl J. Kunasek. Commissioner Jim Irvin added, “We will not tolerate theft by individuals offering bogus investments.” Commissioner William Mundell stated that “Arizona will continue to protect investors in this state and wants to send a strong message to deter those who would seek to exploit its citizens”.

These so called “prime bank instruments” or “prime bank notes” simply do not exist. “Investment schemes involving a purported connection to ‘top European banking institutions’ pose a threat to investors because they play on the idea of participation in lucrative international investment deals, from which small investors feel cut off”, said Mark Sendrow, Director of the Arizona Corporation Commission-Securities Division. “Investors should proceed cautiously when they are promised suspiciously high rates of return or offshore investments in foreign notes. Those are two red flags which should warn investors to steer clear of the so called investment opportunity”, Sendrow commented.

Director Sendrow cautioned investors to investigate before they invest and to check with the

Division for information on both the promoters and the product being sold. The public can contact the Securities Division at (602) 542-4242, by facsimile at (602) 594-7470, or by E-mail at [accsec@ccsd.cc.state.az.us](mailto:accsec@ccsd.cc.state.az.us)

###